

June 26, 2015

Report on DSRDP – Greenspoint Clinic Audit #15-111

We have completed our audit of the Dental Service Research and Development Plan (DSRDP) for the UTHealth Dentistry Greenspoint clinic located at The Center for Children and Women. This audit was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. It satisfies the annual audit requirement of University of Texas System Administrative Policy 155, which covers Clinical Enterprise Business Operations.

BACKGROUND

UTHealth's School of Dentistry joined with Texas Children's Health Plan to bring dental services to The Center for Children and Women (The Center) in the Greenspoint area of Houston. The Center opened in August 2013 to address the primary care medical and dental needs of the underserved populations, who sometimes face a shortage of primary care providers.

The dental clinic occupies 3,000 square feet inside the 50,000 square foot facility and began accepting patients in March 2014. The scope of care at the Greenspoint dental clinic is geared towards preventive care. Most patients visiting this clinic are insured through traditional Medicaid, or other Medicaid programs such as CHIP (Children's Health Insurance Program) or STAR (Medicaid Managed Care for children).

In addition to UTHealth faculty dentists treating patients, second-year dentistry residents, fourth-year dental students and senior dental hygiene students rotate through the clinic, working under faculty supervision.

The Greenspoint clinic uses axiUm for its electronic health record system and to manage patient registration, appointment scheduling, treatment planning, billing and reporting. The use of axiUm ensures patient records are secure and digitally accessible to enhance diagnosis, treatment and patient education.

OBJECTIVES

The objective of this audit was to determine whether the controls over the practice plan's receipt of payments and deposits, billings and collections, and system access and encryption are adequate and functioning as intended.

SCOPE AND METHODOLOGY

Through a review of policies, procedures, and related processes, interviews with front office personnel, cash counts, reconciling of bank deposit reports with the University’s accounting system, and testing controls over access and encryption, Auditing and Advisory Services (A&AS) performed an audit of DSRDP for the Greenspoint clinic.

AUDIT RESULTS

Receipt of Payments

The Greenspoint clinic accepts cash, checks, and credit card payments from patients. A \$100 change fund is maintained and kept in a secured location during the day and a locked safe at night. The clinic’s front office consists of one cashier and one administrative employee. During our observation of the front office patient intake and check-out processes, the auditor observed both the cashier and administrative employee making change from the same fund.

Treasury Management’s Cash Handling Manual states: “each employee who is an operator on the system should be assigned their own cash drawer. Funds should not be commingled between cash drawers.”

This cash control weakness was discussed with Greenspoint clinic management and changes were suggested to set-up a second change fund and assign the second front desk person as custodian over their own change fund.

A review of the bank deposit packages revealed they agree to the axiUm Bank Deposit Reports without exception. Supervisory review was noted and bank generated summary deposit slips were present for all deposits. We also agreed the axiUm Bank Deposit Reports to the deposit amounts recorded in FMS and verified the correct general ledger accounts designated for the Greenspoint clinic were used. No exceptions were noted.

Billing and Collection Process

The bulk of Greenspoint clinic patients are insured by Medicaid, or Medicaid programs such as STAR or CHIP. These programs are administered by the insurance providers Denta Quest, Texas Medicaid & Healthcare Partnership (TMHP) and the MCNA,.

Billing claims are filed through the insurance provider’s internet billing portal. Once the insurance payment has been received along with the Explanation of Benefits (EOB) statement and applied to the respective account, a bill is created in axiUm and sent to the patient for any remaining out-of-pocket balance and an adjustment is made in accordance to the Medicaid/CHIP coverage benefit of the rendered treatment. Due to the Medicaid type of coverage, the

“Patient’s (out-of-pocket) Responsibility” is generally zero, while CHIP patients are generally required to make a copayment for treatments outside of the realm of preventative care, which is usually a minimal amount.

Denta Quest is a state-sponsored dental program that serves over 20 million members in state Medicaid and CHIP programs across the country.

The Texas Medicaid & Healthcare Partnership (TMHP) is a group of contractors under the leadership of Accenture. Accenture administers Texas Medicaid and other state health-care programs on behalf of the Texas Health and Human Services Commission.

MCNA is a dental benefits administrator that provides service to state agencies and managed care organizations for Medicaid, CHIP, and Medicare members.

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The clinic relies on two separate controls to determine whether claims have been filed with the insurance provider or bills sent to the patient. The control to verify that an insurance claim has been filed is the biweekly review of the Insurance Aged Balance Report. If no date is listed in the "Submit Date" column of the report for a patient's treatment, it is an indicator to the clinic staff that a claim has not yet been filed. The control to verify a billing statement has been created and sent to the patient is through the automatic attachment of a bill to the patient's account in the axiUm system.

To determine whether insurance claims were generated and submitted to the insurance providers within the Medicaid filing deadline of 95 days (from the date of service), A&AS reviewed the accounts of nine patients treated during fourth, fifth, and sixth periods of FY2015 and noted all claims were submitted timely. For eight of the nine patients, we noted payments had been received; however, payment had not yet been received for the remaining claim by the conclusion of our testing. None of the nine patients in our sample had an outstanding "Patient's Responsibility" balance and therefore, no bills were sent directly to the patients.

In addition, we reviewed the "Patient's Responsibility" portion of the Aged Accounts Receivable (A/R) Report dated April 21, 2015. We determined 49 patients had "Patient's Responsibility" balances greater than 120 days, totaling \$9,300. In comparison, there were 374 patients with balances due for the current period to 120 days, which totaled \$5,145.

It should be noted that during the clinic's first six months of operations, the clinic was not fully credentialed to render treatments to Medicaid patients or to file for Medicaid reimbursements. Many of the past due balances are from that period. We also determined that the clinic has not developed a formal billing and collection process policy addressing review and follow-up of the Aged A/R Balance report or criteria for when to write-off delinquent balances.

Recommendation #1:

We recommend clinic management develop and implement formal policies establishing criteria for account follow-up &/or write off of past due amounts.

Management's Response:

Responsible Party: Clinic Management: Diana Mosenge & Loraine Alexander

Implementation Date: September 1, 2015

Insurance follow-up on outstanding accounts >60 days will be conducted on a bi-weekly basis to check claim status, ensure submission of adequate support documentation on claims and any investigate payment delays.

Outstanding Insurance accounts >180 days will be reviewed by the Patient Care Coordinator on a quarterly basis and submit recommendations for write-offs to management for approval. Loraine Alexander, Administrative Manager, will manage all write-off activities.

The existing policy within the DSRDP Operating Manual pertaining to management of delinquent accounts will be updated to reflect these procedures.

Recommendation #2:

We recommend the clinic review patient accounts with past due charges over 120 days old and determine whether attempts to collect the delinquent balances should be made, or whether the amounts should be written-off.

Management's Response:

Responsible Party: Clinic Management: Diana Mosenge & Loraine Alexander

Implementation Date: September 1, 2015

Outstanding Patient accounts >120 days will be reviewed by the Patient Care Coordinator on a quarterly basis and submit recommendations for write-offs to management for approval. Loraine Alexander, Administrative Manager, will manage all write-off activities.

Missing Charges

We obtained the Missing Charges report covering the 13 month period from March 1, 2014 to April 16, 2015. We reviewed the patient accounts listed on the report and tested five of the twenty three appointments listed noting that all had been corrected regarding their missing charges. Based on our review, we determined the Missing Charges Report is reviewed by clinic staff on a regular basis.

Clinic Revenue Reporting

We obtained the monthly Journal Entry packages and A/R Reconciliation Reports for the period of March 1, 2014 to April 30, 2015. The reports contain data detailing the number of patient treatments provided for the respective month, patient and insurance payments received, as well as applicable adjustments.

We reviewed the general ledger in order to determine whether revenue recorded in FMS for the Greenspoint clinic A/R agreed and the amounts were adequately supported. We reviewed the supporting journal entry packages compiled by the Clinic Director for each month and traced to the axiUm A/R Reconciliation Reports.

We also performed a trend analysis of treatments and payments for the past two fiscal years, which revealed the treatment revenue recorded for the first eight months of FY2015 was \$390,208 and increased from \$149,042 during the initial six months of operations during FY2014. Using the FY2015 and 2014 information, we performed a comparison and analysis of treatments recorded to payments collected in order to determine whether there were any identifiable trends. Based on our analysis, we determined the gross collections increased from \$6,705 for the first six months of operation in FY2014 to \$140,873 as of April 2015. We consider the increase in revenue and collections due to the clinic obtaining its Medicaid certification and becoming fully staffed and operational in FY2015.

System Access and Encryption

In order to determine whether Greenspoint clinic employees have appropriate system access, we obtained a listing of all Greenspoint faculty and staff with access to the axiUm system, along with their assigned security levels. We verified that all faculty and staff were active employees at the time the list was compiled and using a matrix summarizing the various functions and rights granted within each user profile, noted that some clinical staff was provided incompatible access rights that allowed them to enter charges, payments, and adjustments.

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This issue was discussed in audit 14-111 DSRDP – UT Dentists. A recommendation was made at the time for the SoD's IT Management perform a review of user access rights to the axiUm system and ensure all users have appropriate rights based upon their job responsibilities that ensures proper segregation of duties. If there are cases where the determination is made that user access is to be given that does not include proper segregation of duties, the development and implementation of mitigating controls must be included.

The practice of granting access to the axiUm system consists of completing an Electronic Health Record (EHR) User Authorization Form and having it signed and approved by a department head, and the HIPAA Privacy Officer acknowledging that HIPAA training was completed. A&AS obtained the EHR User Authorization Forms for all fifteen of the clinic's employees on our list. All of the Greenspoint clinic personnel have acknowledged their compliance with the security policies and procedures of the institution and their compliance with HIPAA.

Lastly, we also verified the encryption of all machines (at the front desk and chairside) used in the clinic. Based on our walk through and observation, we determined that all machines were properly encrypted.

CONCLUSION

Most controls over clinic operations are adequate. However, during our fieldwork we noted a separation of duties issue relating to cash handling procedures. A suggestion was made to strengthen controls in this area. In addition, recommendations were made regarding policies pertaining to A/R follow-up and write-off.

We would like to thank the management and staff of the Greenspoint clinic, and the staff throughout the School of Dentistry who assisted us during our review.



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